

Congress of the United States
House of Representatives
Washington, DC 20515

February 16, 2006

The Honorable John Snow
Secretary
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Secretary Snow:

We are writing to express our strong opposition to the Office of Management and Budget (OMB) proposal to impose new user fees on producers of wine and distilled spirits as well as importers and wholesalers of wine, distilled spirits, and malt beverages. The Congress rightly rejected this proposal last year and we stand ready to oppose it again.

As you know, the Treasury Department's Alcohol and Tobacco Tax and Trade Bureau (TTB) is the lead federal agency with authority over the production and distribution of alcohol, ensuring that alcohol products are produced, labeled, advertised, and marketed as provided by federal law and regulation. The OMB proposal would amend the Federal Alcohol Administration Act and the Internal Revenue Code to require TTB to impose a series of user fees and increased administrative process fees for certain regulatory functions. This would include petitions for new or adjusted American viticultural areas (AVAs), applications for certificates of label approval, TTB laboratory analysis, and basic applications for the production, importation or wholesale sale of alcoholic beverages.

Perhaps most alarming is the fact that this proposal would establish a floor – but not a ceiling – for these new fees. Any future Treasury Secretary would be empowered to waive the normal notice and comment rulemaking procedures to raise these fees to whatever level he or she deems “appropriate.” Once ceded by Congress, this kind of open-ended authority would no doubt be exploited whenever there is pressure to increase revenues in future years.

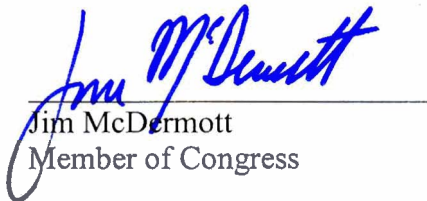
We are especially concerned about this issue because of its disproportionate impact on small wineries in the Pacific Northwest. The wine industry in Washington and Oregon is growing rapidly, providing new economic development opportunities for agriculture producers and rural communities. However, most of our states' wineries are family-owned operations that can ill-afford a heavier tax burden on top of what they already pay now through federal and state excise taxes.

We ask that the Administration discontinue the pursuit of this flawed proposal, which will neither help the Northwest economy nor our efforts to balance the budget.

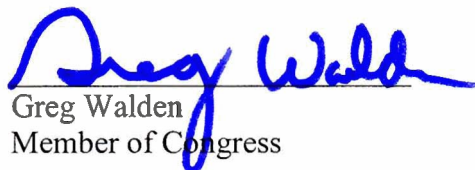
Sincerely,


Doc Hastings
Member of Congress


Darlene Hooley
Member of Congress


Jim McDermott
Member of Congress



Cathy McMorris
Member of Congress

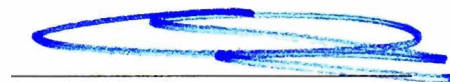

Greg Walden
Member of Congress



Jay Inslee
Member of Congress


Rick Larsen
Member of Congress


Peter DeFazio
Member of Congress


Norm Dicks
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David Wu
Member of Congress


Adam Smith
Member of Congress